

Results Presentation for the Second Quarter ended September 30, 2016

EBARA (6361)

November 11, 2016



1. Summary of Results

**Executive Officer
Responsible for
Finance & Accounting**

Akihiko Nagamine

2. Projection

**President and
Representative Director**

Toichi Maeda

1. Summary of Results

Summary of Results through the 2nd Quarter

(Six months ended September 30, 2016)

(unit : ¥bn)

	2nd Quarter ended September 30, 2015 (Results)	2nd Quarter ended September 30, 2016 (Results)	Change
Orders	242.7	224.1	-18.6
Net Sales	207.0	191.9	-15.1
Operating Income	4.6	2.6	-1.9
Ordinary Income	3.8	-0.2	-4.1
Net Income attributable to owners of parent	1.3	-0.4	-1.8

Exchange Rate
(Average)

1USD = 120.1 JPY

1USD = 102.3 JPY

1. Summary of Results

Segmental Summary of Results through the 2nd Quarter

(unit : ¥bn)

	Orders			Net Sales			Operating Income		
	2Q ended Sep. 30, 2015	2Q ended Sep. 30, 2016	Change	2Q ended Sep. 30, 2015	2Q ended Sep. 30, 2016	Change	2Q ended Sep. 30, 2015	2Q ended Sep. 30, 2016	Change
FMS Business	157.1	131.9	-25.2	138.7	117.4	-21.3	-1.8	-4.9	-3.0
EE Business	34.8	33.3	-1.5	25.7	27.0	+1.3	1.4	1.7	+0.3
PM Business	49.8	58.0	+8.1	41.7	46.6	+4.8	4.7	5.4	+0.7
Others, Adjustment	0.8	0.8	-0.0	0.8	0.8	-0.0	0.3	0.3	+0.0
Total	242.7	224.1	-18.6	207.0	191.9	-15.1	4.6	2.6	-1.9

FMS Business ... Fluid Machinery & Systems Business

EE Business ... Environmental Engineering Business

PM Business ... Precision Machinery Business

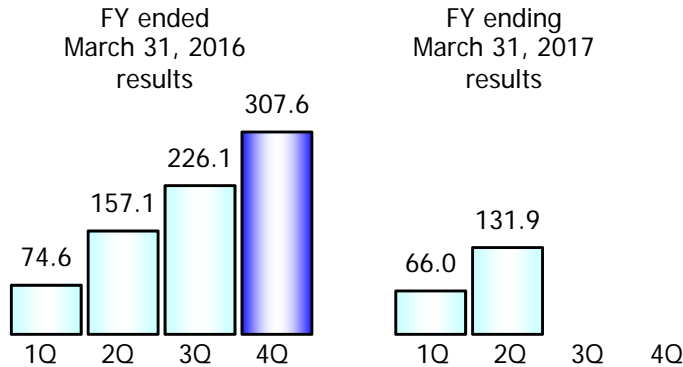
1. Summary of Results

FMS Results through the 2nd Quarter

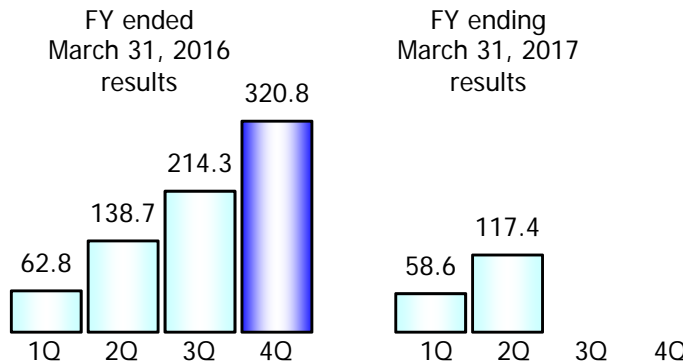
FMS Business ··· Fluid Machinery & Systems Business [Orders]

(unit : ¥bn)

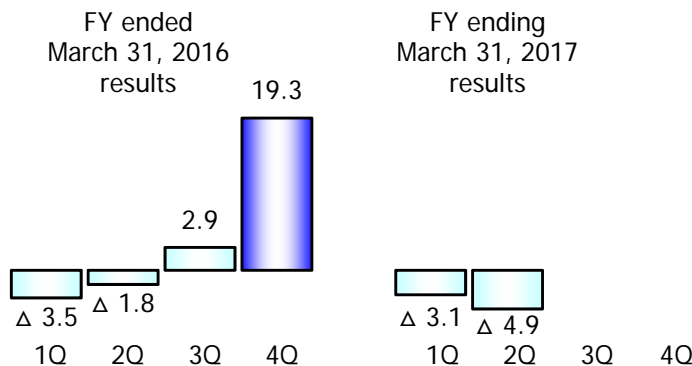
Orders



Sales



Operating Income



- ✓ Decrease in reaction to strong customized pumps for overseas in the same period last year
- ✓ Customers have postponed their decision of the capital investment plan in Compressors & Turbines business

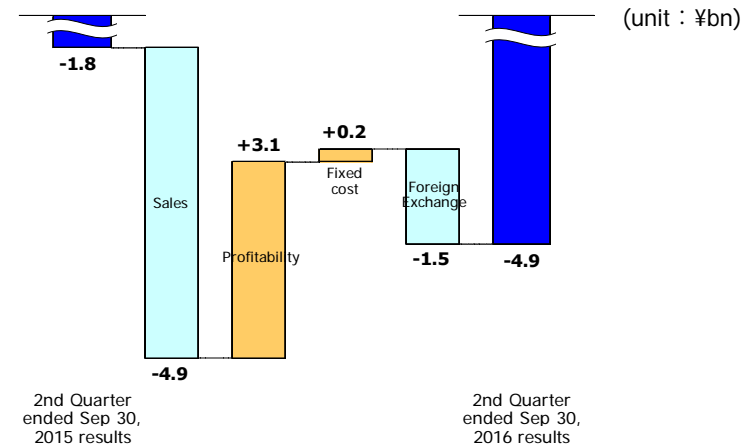
[Sales]

- ✓ Sales decrease on strong yen

[Operating Income]

- ✓ Sales decreased mainly in Compressors & Turbines business (-)
- ✓ Proportion of sales of Service & Support business increased (+)
- ✓ Decline on strong yen (-)

Breakdown of Changes in Operating Income



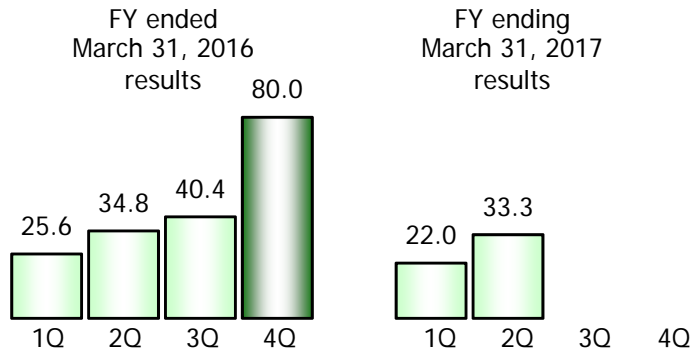
1. Summary of Results

EE Results through the 2nd Quarter

EE Business ... Environmental Engineering Business

(unit : ¥bn)

Orders



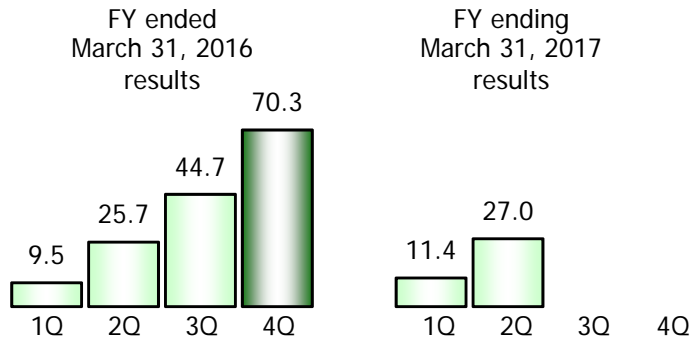
【Orders】

✓ Slow in first half as usual

【Sales】

✓ Sales increased mainly from EPC business
(1 plant construction completed)

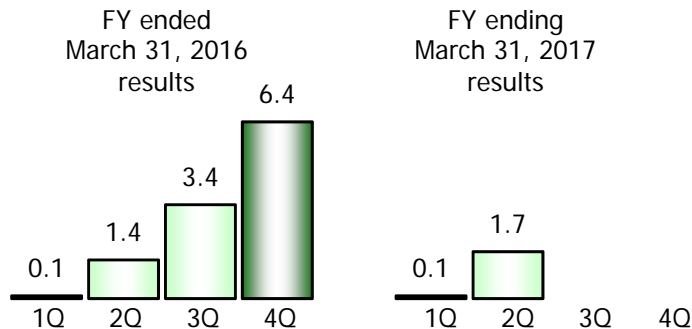
Sales



【Operating Income】

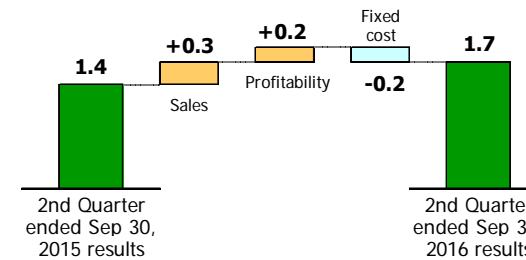
✓ Profit increase by increased sales (+)

Operating Income



Breakdown of Changes in Operating Income

(unit : ¥bn)

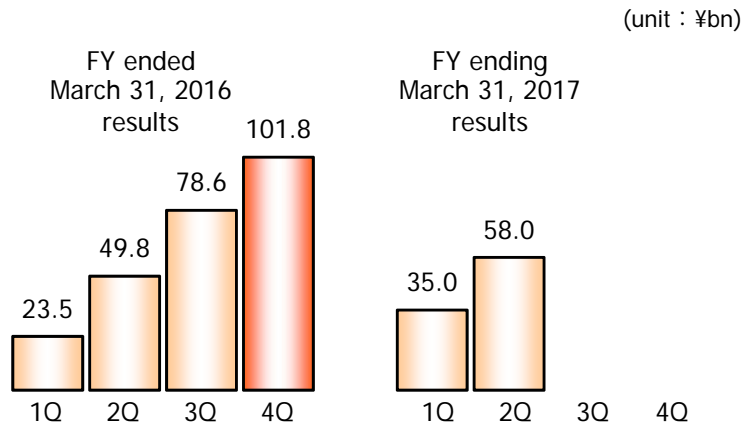


1. Summary of Results

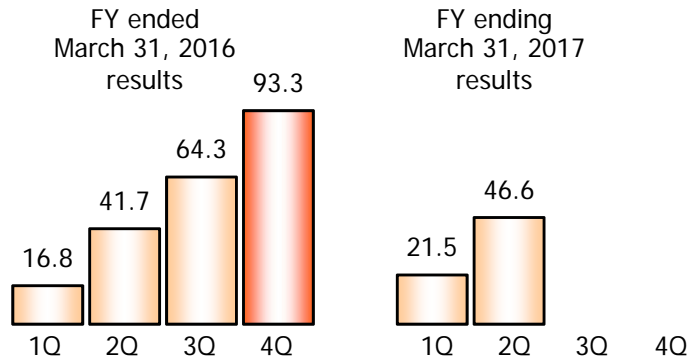
PM Results through the 2nd Quarter

PM Business ... Precision Machinery Business

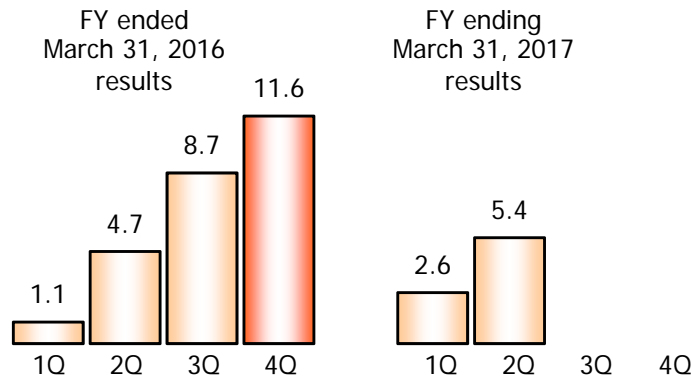
Orders



Sales



Operating Income



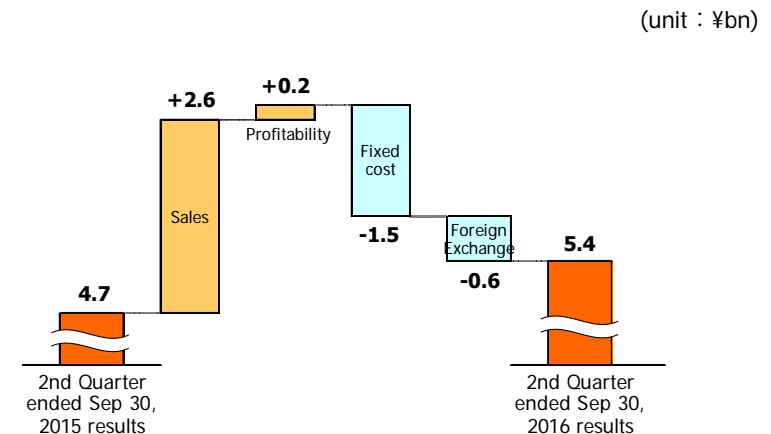
【Orders, Sales】

- ✓ Capital investment in semiconductor market stays strong
- ✓ Especially CMP business is in good shape

【Operating Income】

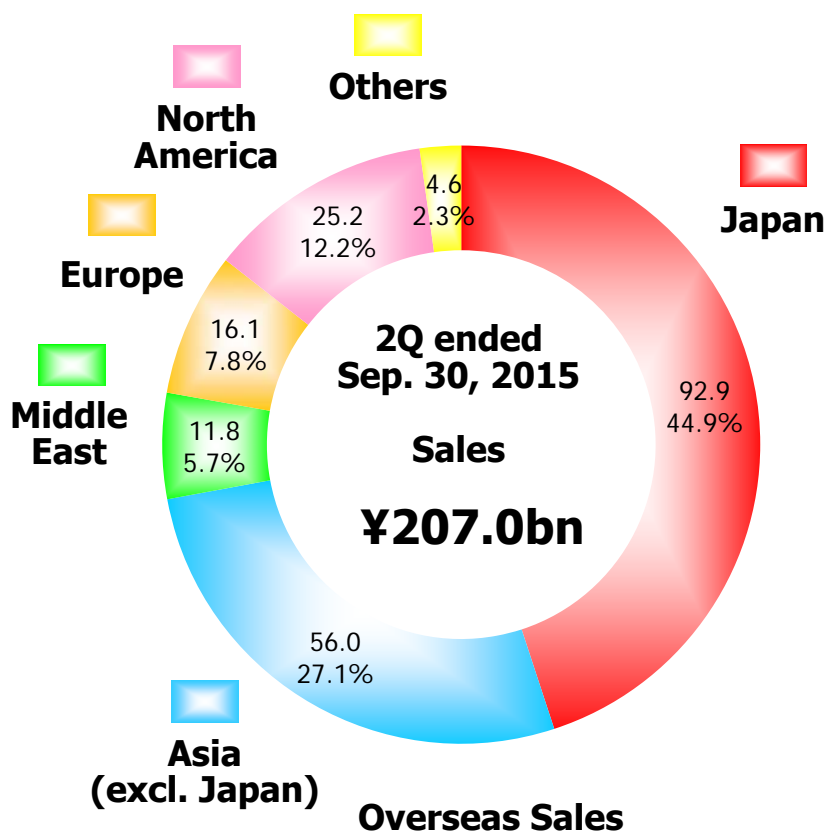
- ✓ Sales increased (+)
- ✓ Fixed cost increased mainly from R&D expenses (-)
- ✓ Decline on strong yen (-)

Breakdown of Changes in Operating Income



1. Summary of Results

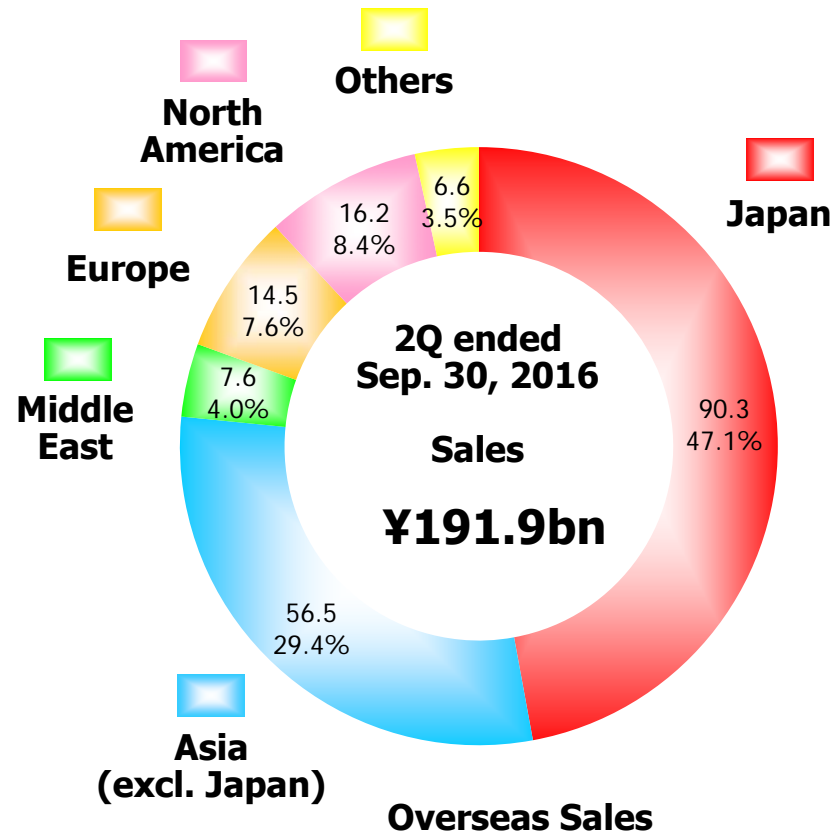
Sales Composition by Region



¥114.0bn

Percentage of Overseas Sales to Sales

55.1%



¥101.6bn

Percentage of Overseas Sales to Sales

52.9%



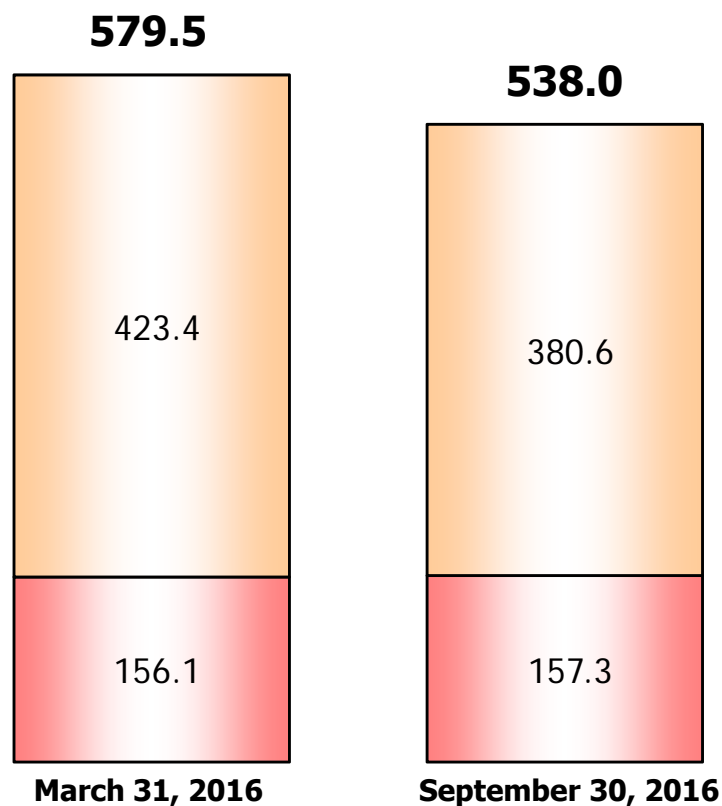
1. Summary of Results

Balance Sheet through the 2nd Quarter

Assets

- Current Assets
- Fixed Assets

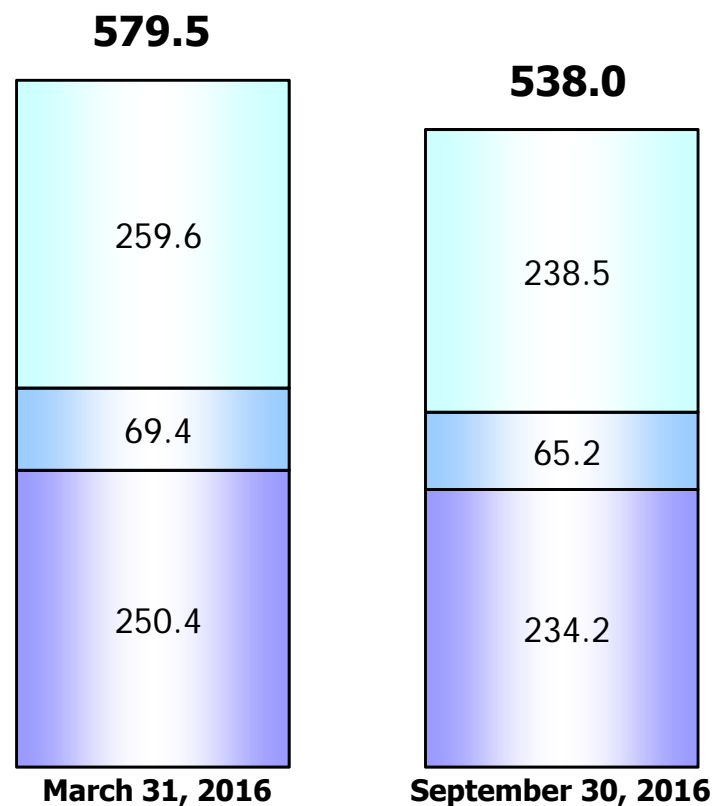
(unit : ¥bn)



Liabilities and Net Assets

- Current Liabilities
- Long-term Liabilities
- Net Assets

(unit : ¥bn)



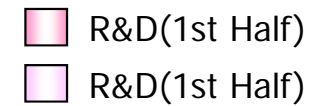
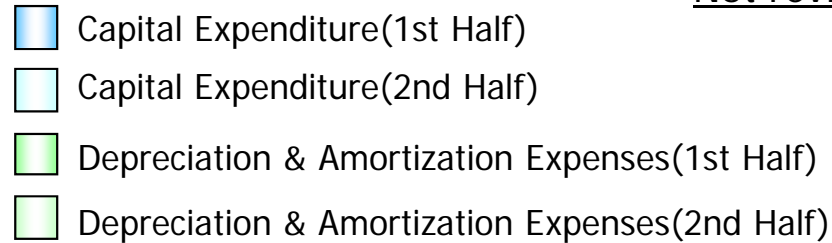
1. Summary of Results

Supplementary information

Capital Expenditure / Depreciation & Amortization Expenses

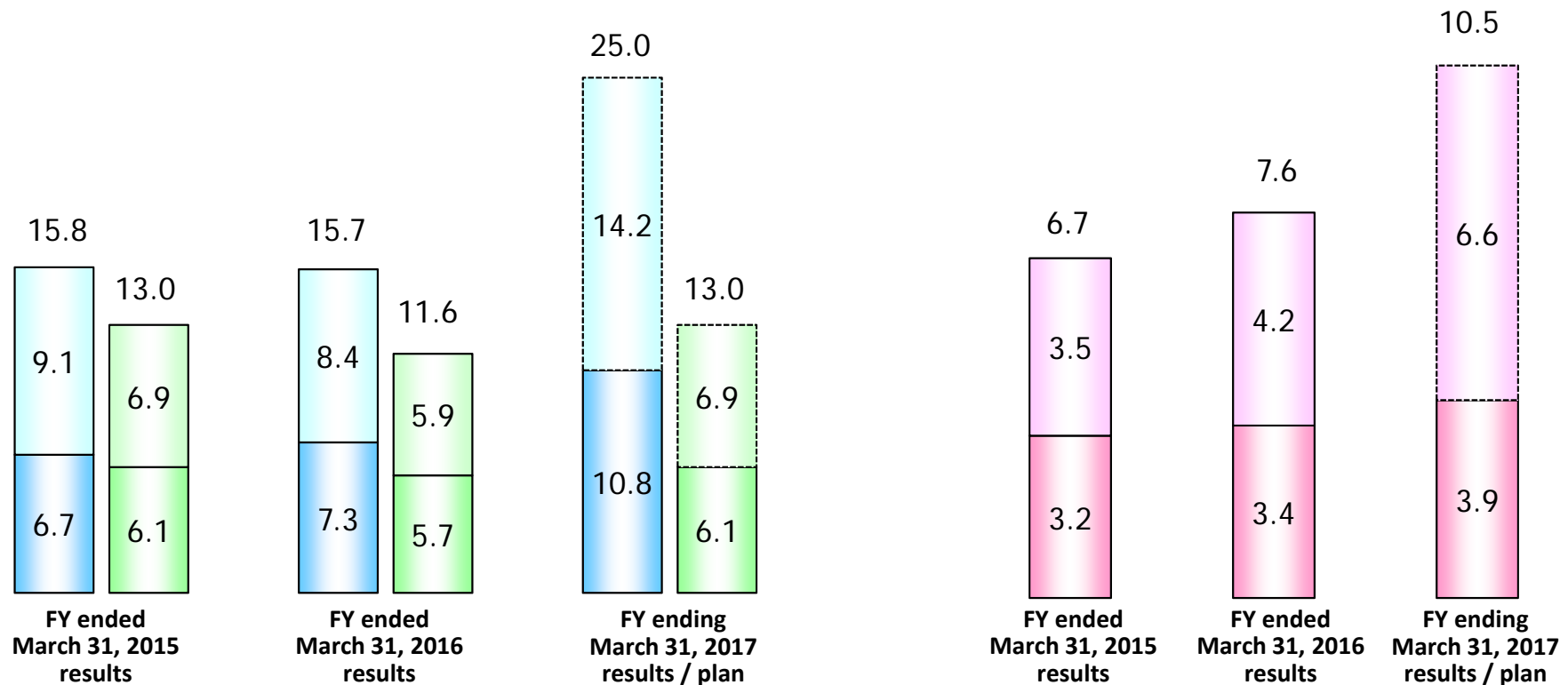
Research and Development Expenses

Not revised from the plan



(unit : ¥bn)

(unit : ¥bn)



1. Summary of Results

Supplementary information

Cash Flows

Interest-bearing Debt

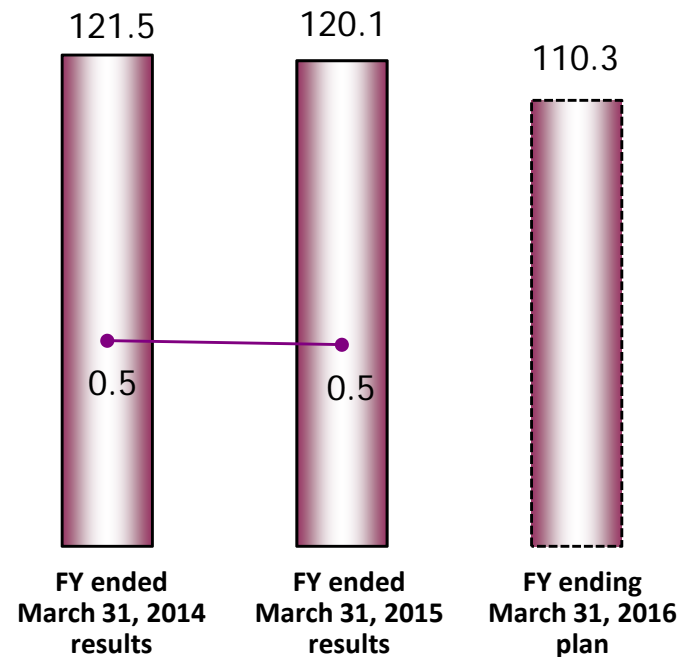
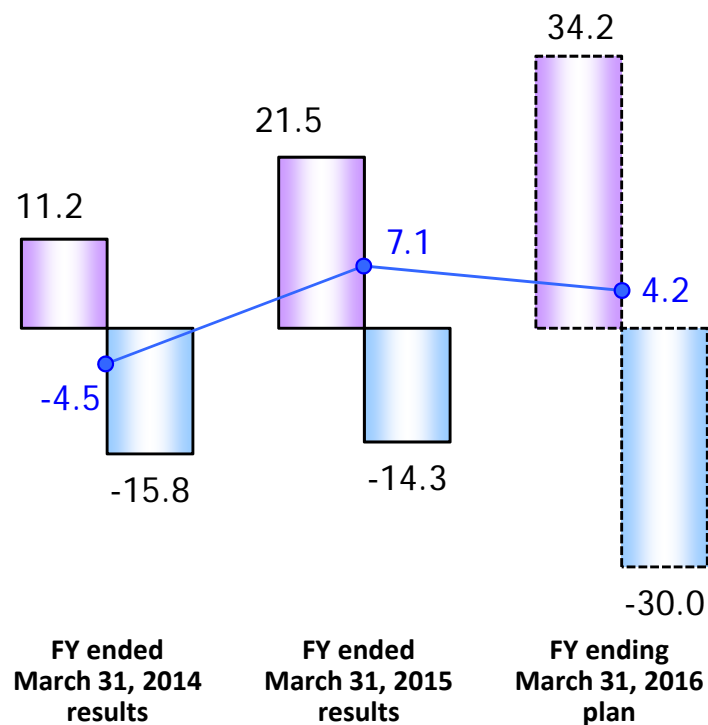
Not revised from the plan

- Cash Flow from operating activities
- Cash Flow from investing activities
- Free Cash Flow

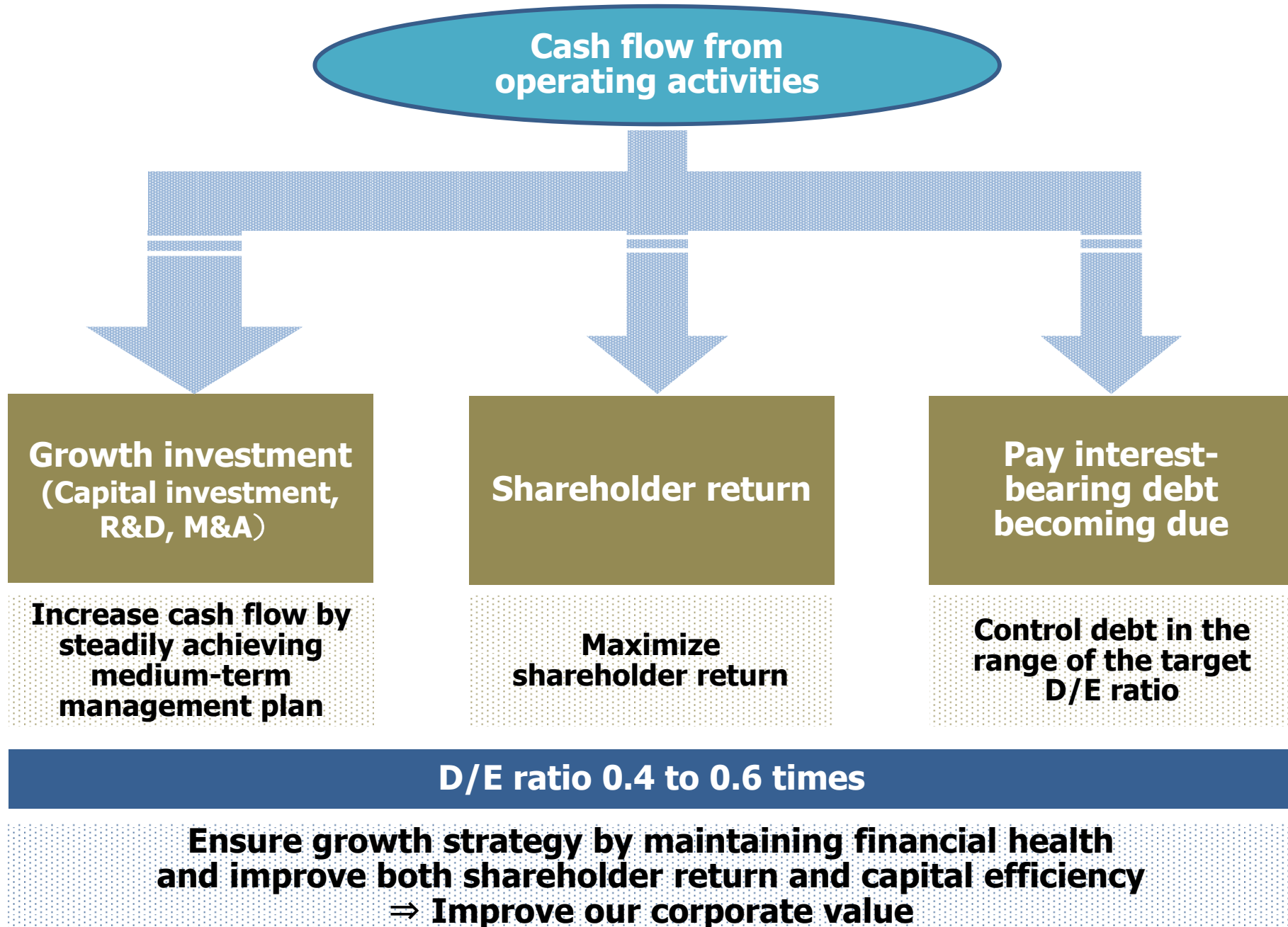
- Interest-bearing Debt
- D/E Ratio

(unit : ¥bn)

(unit : ¥bn)



Financial strategy

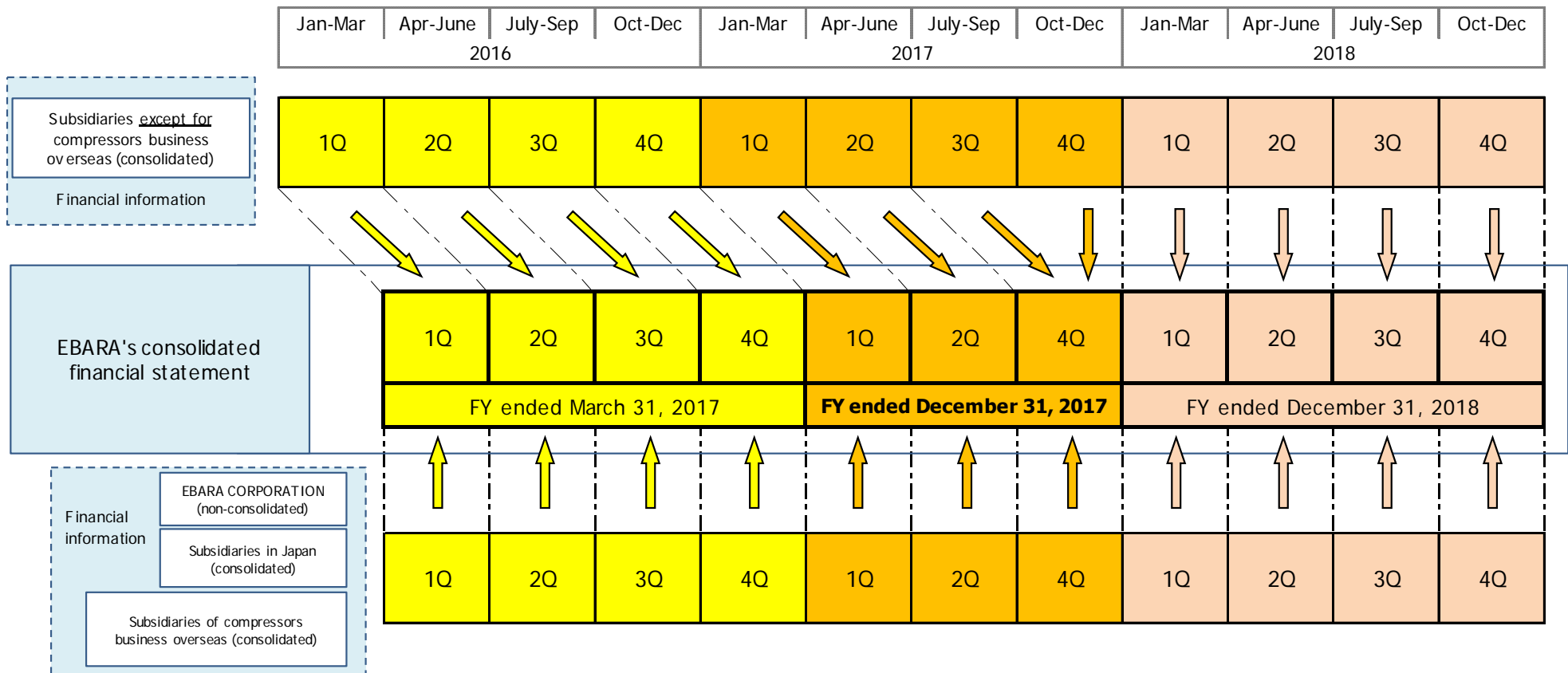


1. Summary of Results

Change in accounting period

October 12, 2016 IR release (Japanese) "Change in accounting period"

- ✓ Change accounting period under condition of approval in the shareholder meeting in late June 2017
- ✓ Our company's accounting period change from the end of March to the end of December
- ✓ Consolidated subsidiaries whose accounting period is the end of March change the period to the end of December
- ✓ The fiscal year ending December 31, 2017 is going to be from April 1 to December 31, 2017 (9 months)



2. Projection

Summary of Projection for Fiscal Year Ending March 31, 2017

(unit : ¥bn)

	Fiscal Year Ended March 31, 2016 (Results) (A)	Fiscal Year Ending March 31, 2017 (Plan) (B)	Fiscal Year Ending March 31, 2017 (Forecast) (C)	Change (C-B)	Change (C-A)
Orders	491.2	500.0	500.0	—	+8.7
Net Sales	486.2	480.0	480.0	—	-6.2
Operating Income	38.0	37.0	37.0	—	-1.0
Ordinary Income	36.4	36.5	35.5	-1.0	-0.9
Net Income attributable to owners of parent	17.2	21.0	21.0	—	+3.7

Exchange Rate

Average
1USD = 115.8JPY

Assumed
1USD = 105JPY

Assumed
1USD = 105JPY

2. Projection

Summary of Projection for Fiscal Year Ending March 31, 2017

(unit : ¥bn)

		Fiscal Year Ended March 31, 2016 (Results) (A)	Fiscal Year Ending March 31, 2017 (Plan) (B)	Fiscal Year Ending March 31, 2017 (Forecast) (C)	Change (C-B)	Change (C-A)
FMS Business	Orders	307.6	320.0	308.0	-12.0	+0.3
	Net Sales	320.8	310.0	303.0	-7.0	-17.8
	Operating Income	19.3	18.0	17.0	-1.0	-2.3
EE Business	Orders	80.0	80.0	80.0	—	-0.0
	Net Sales	70.3	70.0	70.0	—	-0.3
	Operating Income	6.4	7.0	7.0	—	+0.5
PM Business	Orders	101.8	98.0	110.0	+12.0	+8.1
	Net Sales	93.3	98.0	105.0	+7.0	+11.6
	Operating Income	11.6	12.0	13.0	+1.0	+1.3
Others, Adjustment	Orders	1.6	2.0	2.0	—	+0.3
	Net Sales	1.6	2.0	2.0	—	+0.3
	Operating Income	0.5	0.0	0.0	—	-0.5
Total	Orders	491.2	500.0	500.0	—	+8.7
	Net Sales	486.2	480.0	480.0	—	-6.2
	Operating Income	38.0	37.0	37.0	—	-1.0

2. Projection

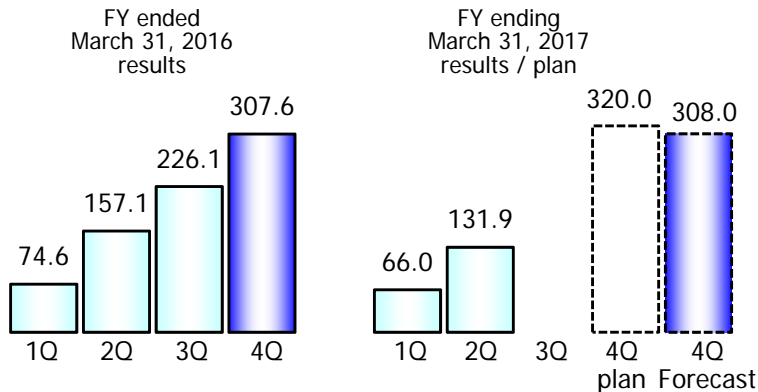
FMS Projection for Fiscal Year Ending March 31, 2017

FMS Business

Forecast revised from the plan : **【Orders】【Sales】【Operating Income】**

(unit : ¥bn)

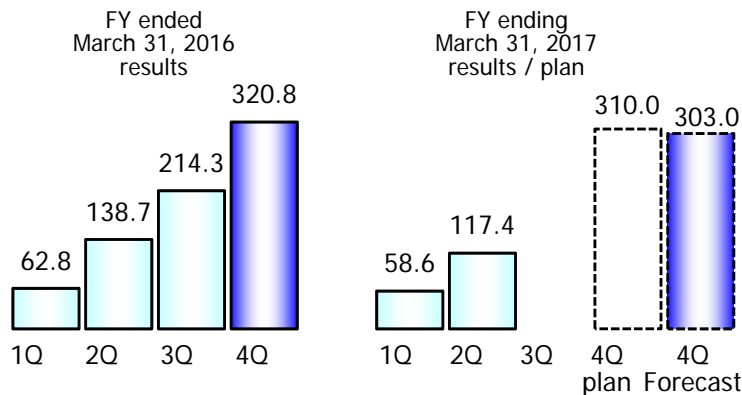
Orders



【Orders】

- ✓ Demand for customized pumps for overseas is bearish mainly in oil & gas market

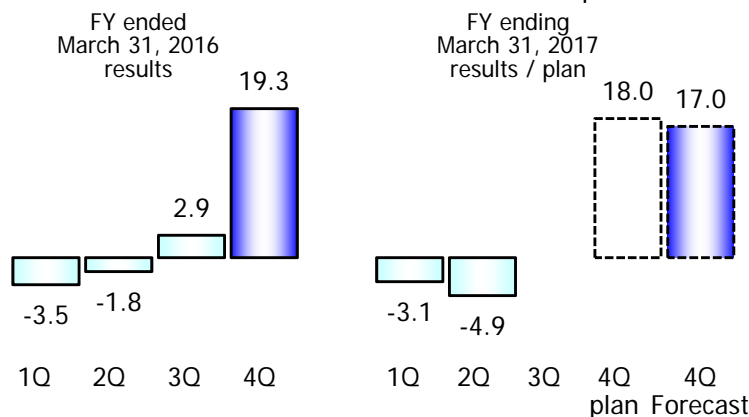
Sales



【Sales】

- ✓ The forecast lowered because of the slow orders for Pumps business in the first half

Operating Income



【Operating Income】

- ✓ Take various cost control measures to deal with effects of sales decrease

2. Projection

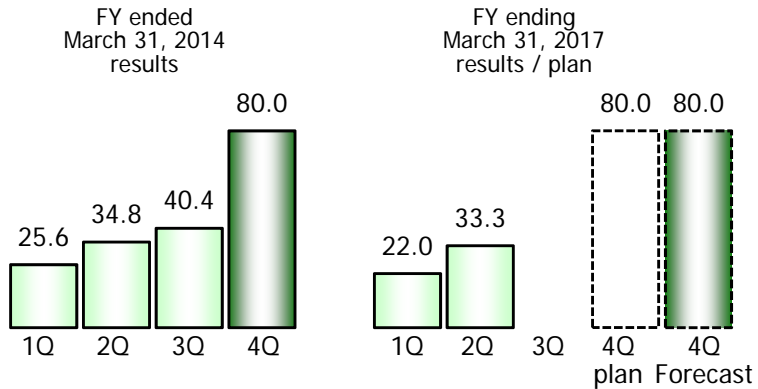
EE Projection for Fiscal Year Ending March 31, 2017

EE Business

Not revised from the plan

(unit : ¥bn)

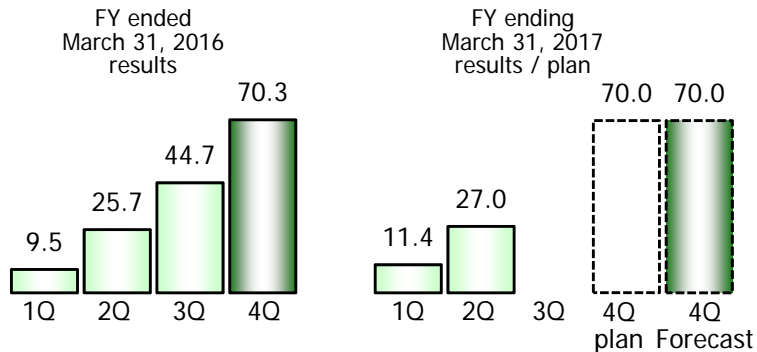
Orders



【Orders】

- ✓ Secure orders particularly DBO ones in which our competitiveness is effective

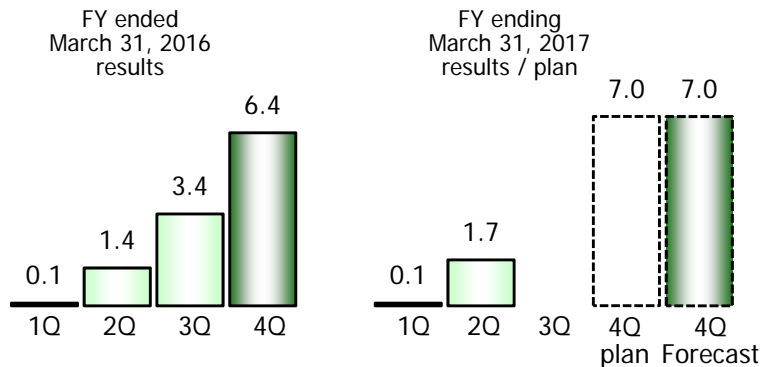
Sales



【Sales】

- ✓ Steady progress in the EPC construction works

Operating Income



【Operating Income】

- ✓ O&M business makes stable income

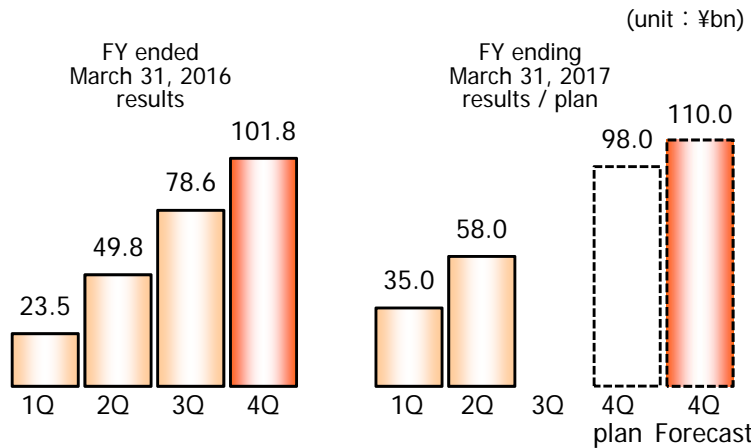
2. Projection

PM Projection for Fiscal Year Ending March 31, 2017

PM Business

Forecast revised from the plan : **【Orders】【Sales】【Operating Income】**

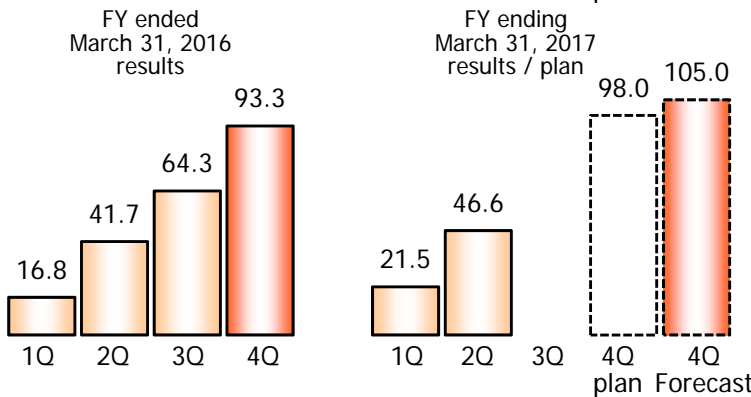
Orders



【Orders, Sales】

- ✓ Major customers continue active investment
- ✓ Forecast for CMP orders raised considerably

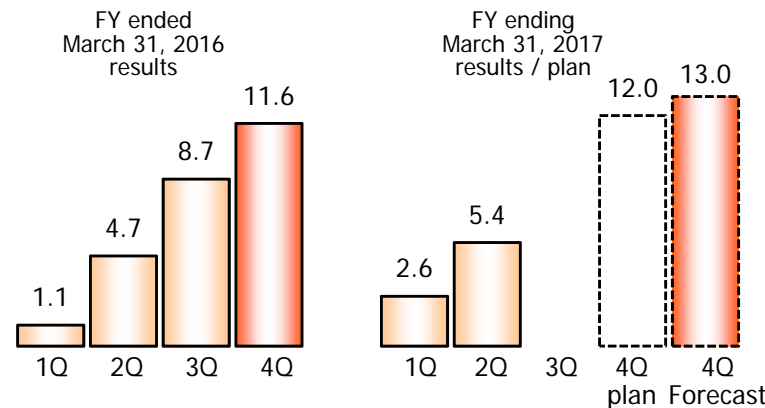
Sales



【Operating Income】

- ✓ Achieve sales plan concentrated in 4Q

Operating Income



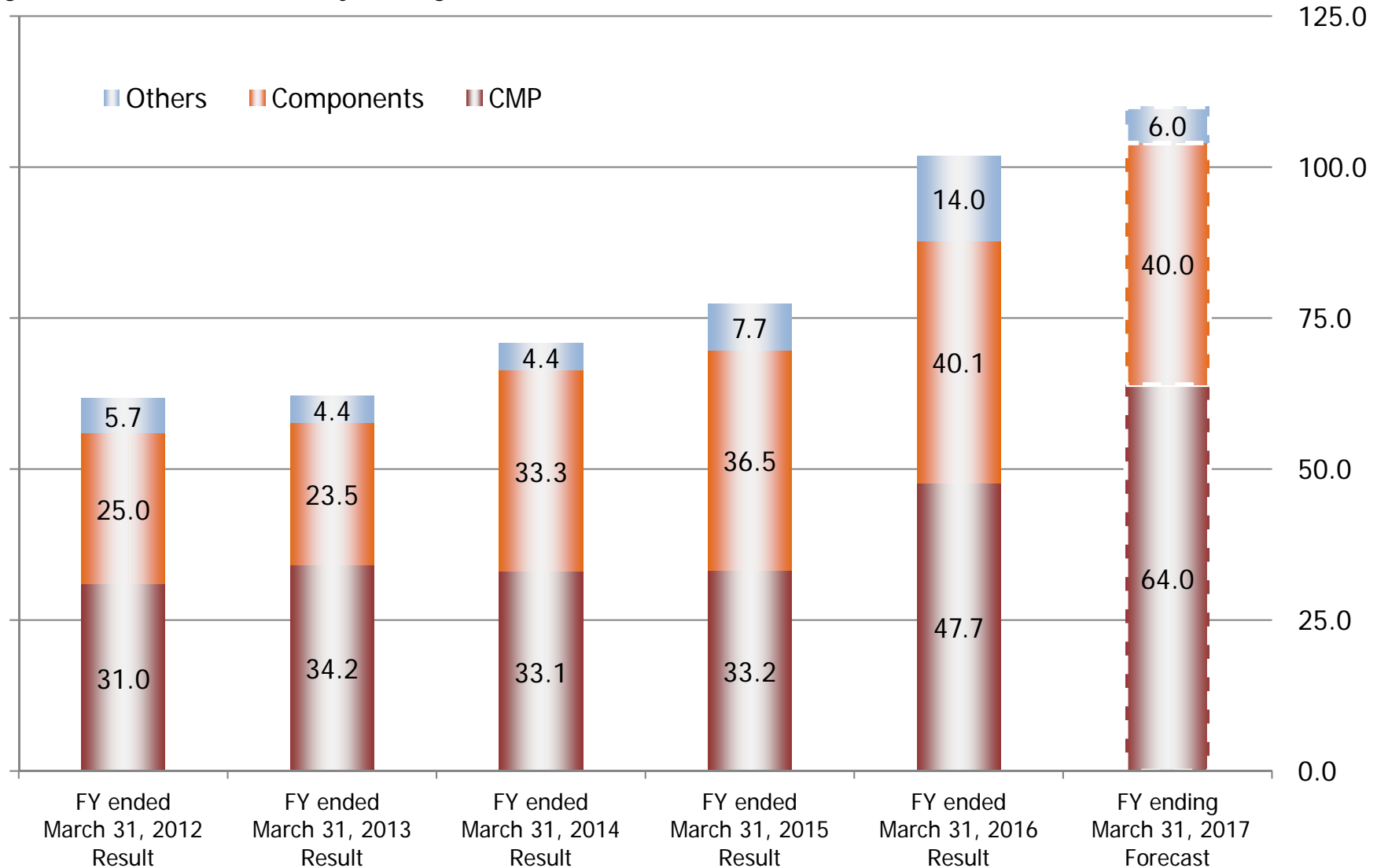
2. Projection

Environment around PM Business

Orders in PM Business, in particular for CMP have been increasing considerably since the fiscal year ended March 31, 2016

[Figure] PM Business orders by subsegments

(unit : ¥bn)

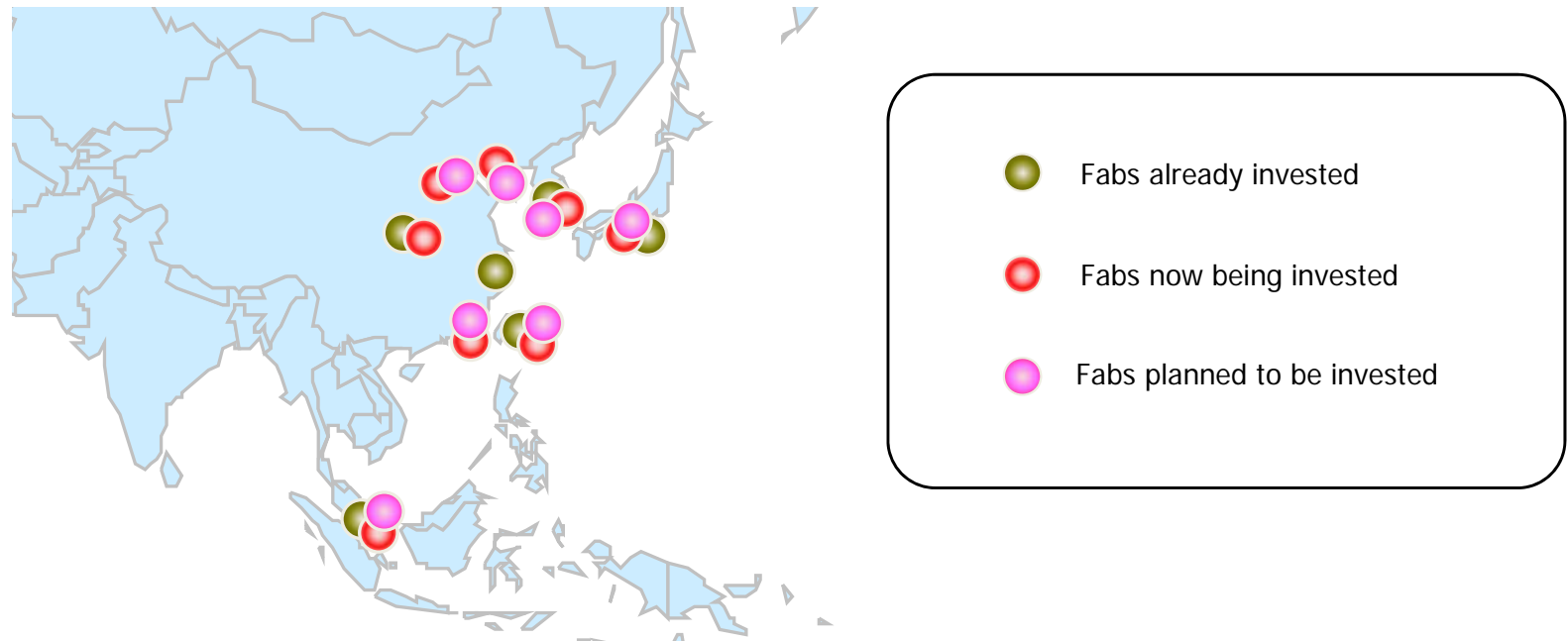


Environment around PM Business

The reason why PM Business is strong:

1. Customers actively make capital investment
⇒ The investment is expected to continue next year mainly in Asia

[Figure] Major semiconductor fabs in Asia (including a fab planned, by our research)



The reason why PM Business is strong:

2. Semiconductor processing technology becomes more complicated
⇒ Our products and technologies support customer's business expansion

NAND memory : Shift from 2D NAND to 3D

Logic : More precise processing dimension control is required in the process to form transistor



CMP system

One of the key processes in precise processing dimension control for both memory and logic

⇒ Demand is expected to increase more



Dry vacuum pumps, Gas abatement systems

Provide vacuum environment and gas abatement technology for cutting-edge production process

⇒ Applied to various product development processes

Environment around PM Business

Expansion of Kumamoto plant is progressing smoothly for the completion in November 2016

The completed image of the new plant



Construction progress (as of October 18, 2016)



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